

# HOUSE BILL No. 1248

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 20-12.

**Synopsis:** Teacher loan forgiveness. Provides up to \$15,000 educational loan forgiveness for a public elementary or high school teacher who teaches at least five years in a geographic or subject area with a teacher shortage.

**Effective:** July 1, 2003.

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**Smith V, Ayres, Klinker**

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January 13, 2003, read first time and referred to Committee on Ways and Means.

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First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

## HOUSE BILL No. 1248

A BILL FOR AN ACT to amend the Indiana Code concerning education.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 20-12-21-5.1 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 5.1. (a) In addition to  
3 the duties described in section 5(a) of this chapter, the commission  
4 shall do the following:

5 (1) Prepare and supervise the issuance of public information  
6 concerning all of the commission's programs.

7 (2) Prescribe the form and regulate the submission of applications  
8 for all of the commission's programs.

9 (3) Determine the amounts of grants and scholarships.

10 (4) Determine eligibility for grants and scholarships.

11 (5) Receive federal funds made available to the commission for  
12 awards, grants, and scholarships, and disburse these funds in the  
13 manner prescribed by federal law.

14 **(6) Administer and determine the eligibility of applicants for**  
15 **and award amounts under the teacher loan forgiveness**  
16 **program established by IC 20-12-22.2-14.**

17 (b) In addition to the powers described in section 5(b) of this



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chapter, the commission may do the following:

(1) Accept gifts, grants, devises, or bequests for the purpose of providing grants, awards, scholarships, loans, or other forms of financial aid to students attending approved institutions of higher learning.

(2) Enter into contracts, subject to IC 4-13-2, that the commission determines are necessary to carry out the commission's functions.

(3) Provide administrative or technical assistance to other governmental or nongovernmental entities if the provision of this assistance will increase the number and value of grants, awards, scholarships, or loans available to students attending approved institutions of higher learning.

(c) When the commission receives an offer of a gift, grant, devise, or bequest under subsection (b)(1), the commission may accept stipulations on the use of the donated funds. In this case, sections 7(d) and 17 of this chapter do not apply. Before accepting a gift, grant, devise, or bequest, the commission shall determine that the purposes for which a donor proposes to provide funds are:

(1) lawful;

(2) in the state's best interests; and

(3) generally consistent with the commission's programs and purposes.

Whenever the commission agrees to stipulations on the use of donated funds under this subsection, the commission and the donor shall, subject to approval by the state budget agency and the governor or the governor's designee, execute an agreement.

(d) Whenever the commission agrees to provide administrative or technical assistance under subsection (b)(3), the commission and the party to whom the assistance is to be provided shall execute an agreement specifying:

(1) the assistance that is to be provided; and

(2) the charges, if any, that are to be assessed by the commission for providing this assistance.

The commission may waive charges for administrative or technical assistance under this subsection if the commission determines that a waiver is in the best interest of the state. Agreements to provide assistance under this subsection must be approved by the budget agency and the governor or the governor's designee.

(e) The commission shall exercise its functions without regard to an applicant's race, creed, sex, color, national origin, or ancestry.

SECTION 2. IC 20-12-22.2 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE

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JULY 1, 2003]:

**Chapter 22.2. Teacher Loan Forgiveness Program**

**Sec. 1.** As used in this chapter, "applicant" means an individual who applies for loan forgiveness under this chapter.

**Sec. 2.** As used in this chapter, "borrower" means all endorsers on a loan eligible for loan forgiveness under this chapter.

**Sec. 3.** As used in this chapter, "commission" refers to the state student assistance commission established by IC 20-12-21-4.

**Sec. 4.** As used in this chapter, "critical shortage area" means a:

- (1) geographic area; or
- (2) subject matter area;

determined annually by the department to have or projected within the next twelve (12) months to have a shortage of licensed, full-time elementary or high school teachers.

**Sec. 5.** As used in this chapter, "department" refers to the department of education established by IC 20-1-1.1-2.

**Sec. 6.** As used in this chapter, "elementary school" has the meaning set forth in IC 20-10.1-1-15.

**Sec. 7.** As used in this chapter, "fund" refers to the teacher loan forgiveness fund established by this chapter.

**Sec. 8.** As used in this chapter, "high school" has the meaning set forth in IC 20-10.1-1-16.

**Sec. 9.** As used in this chapter, "license" means the document described in IC 20-6.1 required to teach in a public elementary or high school.

**Sec. 10.** As used in this chapter, "public school" has the meaning set forth in IC 20-10.1-1-2.

**Sec. 11.** As used in this chapter, "school year" has the meaning set forth in IC 20-10.1-2-1.

**Sec. 12.** As used in this chapter, "student instructional day" has the meaning set forth in IC 20-10.1-2-1.

**Sec. 13.** As used in this chapter, "teacher" has the meaning set forth in IC 20-6.1-1-8.

**Sec. 14.** The teacher loan forgiveness program is established.

**Sec. 15.** The commission shall administer the teacher loan forgiveness program established by this chapter.

**Sec. 16. (a)** A loan eligible for forgiveness under this chapter is a loan made by:

- (1) a bank, a trust company, a savings association, a credit union, or other financial institution examined and supervised by an appropriate state or federal regulatory agency; or

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(2) a postsecondary educational institution;  
to an individual or the individual's parents to pay tuition and  
regularly assessed fees charged by a postsecondary educational  
institution for the individual's enrollment in a course of study  
leading to licensing in Indiana as an elementary or a high school  
teacher.

(b) A loan that is eligible for forgiveness under any other  
program or by the terms of the loan agreement is not eligible for  
forgiveness under this chapter.

(c) A loan advanced by a relative of the borrower or another  
individual is not eligible for forgiveness under this chapter.

Sec. 17. (a) To qualify for loan forgiveness, an applicant must  
furnish evidence satisfactory to the commission of the following:

(1) That the applicant is an Indiana resident.

(2) That the applicant is currently teaching at an Indiana  
public elementary or high school.

(3) That the applicant holds a current Indiana teacher's  
license that has not been suspended or revoked.

(4) That the applicant has completed at least five (5) years of  
teaching service with satisfactory performance ratings,  
including successful completion of the beginning teacher  
internship program established by IC 20-6.1-8-7 (repealed),  
if applicable, in an Indiana public elementary or high school.

(5) That the applicant has provided the teaching service  
described in subdivision (4) in a critical shortage area.

(6) That the applicant has provided the teaching service  
described in subdivision (4) in instructional activities during  
a majority of the instructional days each school year and not  
as a substitute teacher.

(7) That the applicant holds one (1) or more loans that may be  
eligible for loan forgiveness under this chapter. The applicant  
must disclose the amount, interest rate, lender, borrower, and  
terms for each loan agreement.

(8) That the applicant is not in default on any loan that may  
be eligible for loan forgiveness under this chapter.

(9) That the applicant complies with all other eligibility  
criteria established by the commission.

(b) An individual applying for loan forgiveness must apply to  
the commission on a form prescribed and provided by the  
commission.

(c) An applicant shall verify all information submitted with the  
application for loan forgiveness.

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(d) The commission shall review an applicant's application and determine whether the applicant qualifies for loan forgiveness under this chapter.

(e) The commission shall publish and make available to all:

(1) applicants; and

(2) members of the public upon request;

a copy of its rules establishing the eligibility criteria for loan forgiveness.

Sec. 18. (a) The teacher loan forgiveness fund is established to carry out the purposes of this chapter.

(b) The commission shall administer the fund.

(c) The expenses of administering the fund shall be paid from money in the fund.

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments must be deposited in the fund.

(e) Money in the fund at the end of a state fiscal year does not revert to the state general fund but remains available to be used for the purposes of this chapter during the next fiscal year.

Sec. 19. (a) The commission may authorize payment of both the principal and accrued interest due for loans that qualify for loan forgiveness in accordance with rules adopted by the commission under this chapter.

(b) The commission shall send the loan forgiveness payment directly to the lender on the borrower's behalf for credit to the borrower's account.

(c) The total amount that may be forgiven for all loans that:

(1) qualify for loan forgiveness; and

(2) are held by any one (1) applicant;

is fifteen thousand dollars (\$15,000).

(d) If there is not enough money in the fund to forgive the full amount of the loans that qualify for loan forgiveness, the commission shall forgive a pro rata amount of the qualified loans for each applicant under rules adopted by the commission under this chapter.

Sec. 20. (a) The department shall publish annually a list of the geographic and subject matter areas that qualify as critical shortage areas under this chapter.

(b) The department may use any source considered reliable, including public school corporations, to identify the critical shortage areas.

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(c) A teacher who performs teaching service in a public school in a geographic or subject area that:

(1) qualifies as a critical shortage area in the teacher's first year of teaching service at the school; and

(2) fails to qualify as a critical shortage area in a subsequent year;

may continue to teach at the school in the geographic or subject area and continue to meet the eligibility requirement described in section 17(a)(4) of this chapter.

Sec. 21. The commission shall adopt rules under IC 4-22-2 that are consistent with this chapter and reasonably required for the conduct of the commission's responsibilities and duties under this chapter.

Sec. 22. The commission may deny the loan forgiveness available under this chapter to an applicant who:

(1) is convicted of:

(A) a felony; or

(B) a crime involving moral turpitude; or

(2) provides false or forged information to the commission in connection with an application to obtain loan forgiveness.

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